



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

May 24, 2005

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 2005. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under AFinancial Reports.@

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Mary A. Lannoye
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Ken Sikkema, Senate Majority Leader
Craig DeRoche, Speaker of the House
Bob Emerson, Senate Minority Leader
Diane Byrum, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Fulton Sheen, House Tax Policy Committee
Rick Wiener, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2005
Projected Revenues and Expenditures
March 31, 2005
(\$ in millions)

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ -
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2005 Consensus Estimate	\$ 7,869.8
Adjustments to Consensus Baseline	\$ -
Adjusted Current Year GF/GP Revenue Baseline	\$ 7,869.8
Additional Revenue Adjustments:	
Revenue Sharing Reductions (PA 355 of 2004 and January 2005 Consensus)	\$ 328.8
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 182.3
Sale of Northville (PA 6 of 2002)	\$ 52.0
Interfund Borrowing Rates	\$ 20.0
Judiciary Technology Improvement Fund (PA 466 of 2004)	\$ 1.5
Juror Compensation Fund Balance deposited to General Fund (PA 465 of 2004)	\$ 4.0
Comprehensive Transportation Fund - reduce and lapse to General Fund (PA 544 of 2004)	\$ 10.0
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Subtotal of Additional Revenue Adjustments	\$ 608.6
Anticipated Revenue Adjustments:	
Proceeds from Land Sales	\$ 31.4
Budget Stabilization Fund Unreserved Balance	\$ 81.8
Escheats Enforcement	\$ 2.5
Liquor Purchase Revolving Fund additional lapse	\$ 0.9
Total FY Resources Available For Expenditure GF/GP	\$ 8,595.0
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,751.0
Enacted Supplemental (PA 468 of 2004)	\$ 0.2
Enacted School Aid Supplemental (PA 518 of 2004)	\$ 99.5
Executive Order 2005-7	\$ (295.0)
Total Enacted	\$ 8,555.7
Anticipated Expenditure Adjustments	
Lapse Building Occupancy Charges - DMB (PA 327 of 2004, sec. 720)	\$ (0.7)
Enrolled House Bill 4308	\$ 40.0
Total Expenditures Projected	\$ 8,595.0
Projected Ending Balance, September 30, 2005	\$ -

OFFICIAL BALANCE SHEET

**SCHOOL AID FUND
Fiscal Year 2005
Projected Revenues and Expenditures
March 31, 2005
(\$ in millions)**

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ 74.1
Current Year School Aid Fund Revenues, January 2005 Consensus	\$ 10,878.8
Adjustments to Consensus Baseline	
Payment in Lieu of Taxes Adjustment (PA 513 of 2004)	\$ (2.0)
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 10,876.8
Pending Supplemental - Proceeds of Capitalization of the School Bond Loan Fund revolving fund	\$ 41.1
Appropriation from GF/GP	\$ 165.2
Supplemental appropriation from GF/GP (PA 518 of 2004)	\$ 99.5
E.O. 2005-7	<u>\$ (99.5)</u>
	\$ 165.2
Federal Aid	\$ 1,353.6
Total Available SAF Resources	\$ 12,510.8
Expenditures	
Enacted Appropriations PA 351 of 2004	\$ 12,527.5
Executive Order 2005-7 - General Fund Authorization Decrease	\$ (99.5)
Pending Supplemental - School Aid Fund Authorization Increase	\$ 99.5
Revised impact of various audit and enforcement efforts	\$ 37.6
Revised pupil count/special education costs/taxable value estimates	<u>\$ (78.0)</u>
	\$ (40.4)
Adjusted Appropriations	\$ 12,487.1
Projected School Aid Fund Ending Balance September 30, 2005	\$ 23.7

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

March 31, 2005

(\$ IN MILLIONS)

FISCAL YEAR 2003-04

FISCAL YEAR 2004-05

March 2004	Yr-to-date 2003-04	Fiscal Yr end SEP 30, 2004	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc March 2005	Exp & Enc Yr-to-date 2004-05
8.2	42.6	95.7	Agriculture	126.1	-1.7	9.3	47.8
5.2	24.1	51.3	Attorney General	62.0	0.0	4.0	27.1
23.8	138.8	252.3	Capital Outlay	0.0	251.0	22.7	140.0
1.5	5.5	12.4	Civil Rights	12.7	-0.2	1.1	6.2
1.8	9.0	20.3	Civil Service	35.1	-0.2	2.2	12.1
163.6	1,041.4	1,826.0	Colleges & Universities	1,943.2	-40.2	163.7	1,110.0
532.1	4,629.7	9,342.1	Community Health	9,996.4	-8.7	619.1	4,606.0
142.5	776.9	1,593.5	Corrections	1,768.7	-19.0	152.1	841.9
9.8	36.6	67.3	Education	99.9	-0.3	8.5	50.0
13.3	83.8	164.9	Environmental Quality	296.0	-2.5	16.1	84.9
0.4	2.6	4.8	Executive Office	5.2	0.0	0.2	2.3
377.0	1,819.9	3,716.2	Human Services	4,287.4	-34.0	344.3	1,962.3
6.9	23.1	54.2	History, Arts & Library	57.1	-0.6	5.4	24.6
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
19.1	84.6	208.4	Judiciary	253.2	0.0	9.9	89.3
68.2	326.5	678.1	Labor & Economic Growth	835.8	-2.0	75.5	337.3
10.1	61.0	126.5	Legislature	126.7	0.0	10.3	62.6
14.8	83.7	145.8	Management & Budget	156.9	3.4	9.9	75.4
7.0	49.1	97.5	Military Affairs	105.5	-0.7	7.6	52.6
5.5	36.3	69.7	Natural Resources	95.0	-0.4	6.5	41.9
0.0	0.0	0.0	School Aid	0.0	-99.5	0.0	0.0
13.9	84.9	182.5	State	187.2	-10.6	30.2	107.5
29.0	164.4	378.2	State Police	475.8	-0.8	33.2	190.8
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
20.2	950.2	1,675.9	Treasury	1,520.4	47.9	20.1	818.5
\$1,473.9	\$10,474.7	\$20,763.6		\$22,446.3	\$81.0	\$1,551.9	\$10,691.1

*Includes boilerplate appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2005

March, 2005

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,456.7	-17.6	15,439.1
Total state spending from state resources	25,904.2	-33.2	25,871.0
Percentage of state spending from state resources paid to local units	59.67%		59.68%
Required payments to local units (48.97%)	12,685.3		12,669.0
Surplus/(deficit)	\$2,771.4		\$2,770.1

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2004 THROUGH MARCH 31, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>142</u>
Total Revenues	<u>142</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>142</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 142</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2004 THROUGH MARCH 31, 2005

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Program fees	743
Other	-
Total miscellaneous	<u>743</u>
Total Operating Revenues	<u>743</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>743</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	149
Other nonoperating revenue	-
Total other nonoperating revenues	<u>149</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>149</u>
Income (Loss) Before Operating Transfers	<u>892</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(706)</u>
Total Operating Transfers In (Out)	<u>(706)</u>
Net Income (Loss)	<u>\$ 186 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2004 THROUGH MARCH 31, 2005

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>41,226</u>
Total Revenues	<u>41,226</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,338
Capital outlay	<u>8,661</u>
Total Expenditures	<u>10,000</u>
Excess of Revenues over (under) Expenditures	<u>31,226</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	88
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,050)</u>
Total Other Financing Sources (Uses)	<u>(9,962)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 21,264</u></u>

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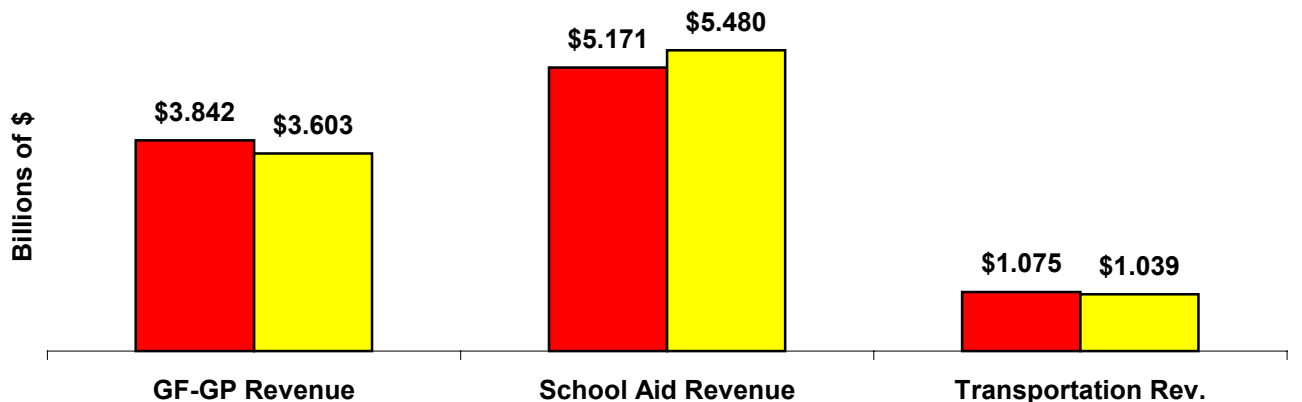
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for March 2005, representing some February and some March economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$146.7 million (43.3 percent) lower in March 2005 than in March 2004. The sharp decline is due mainly to income tax refunds being processed more rapidly. Excluding income tax refunds, General Fund – General Purpose collections are down 4.5 percent from a year ago. March School Aid Fund cash collections were \$48.1 million (6.3 percent) lower than in March 2004. March transportation collections were \$14.6 million (7.8 percent) lower than in March 2004 (see revenue table). March is the sixth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$239.5 million (6.2 percent) from a year ago. Excluding income tax refunds, year-to-date General Fund – General Purpose cash collections are down 0.6 percent from a year ago. School Aid Fund cash collections are up \$309.2 million (6.0 percent), and transportation collections are down \$36.8 million (3.4 percent). School Aid Fund collections have been affected by the change in the timing and tax rate of state education tax (SET) payments. Excluding SET payments, School Aid Fund collections are up 1.5 percent from a year ago.

The FY 2004-2005 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 13, 2005. The Consensus estimate for net General Fund – General Purpose revenue for FY 2004-2005 is \$7,869.8 million and the net School Aid revenue forecast is \$10,878.8 million. The Transportation Funds revenue forecast is \$2,216.1 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held on May 19, 2005.

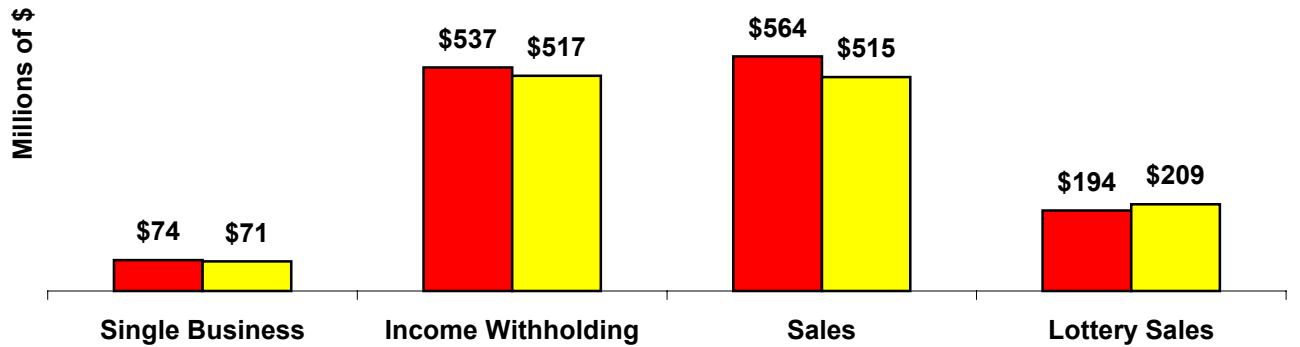
October through March Collections
Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

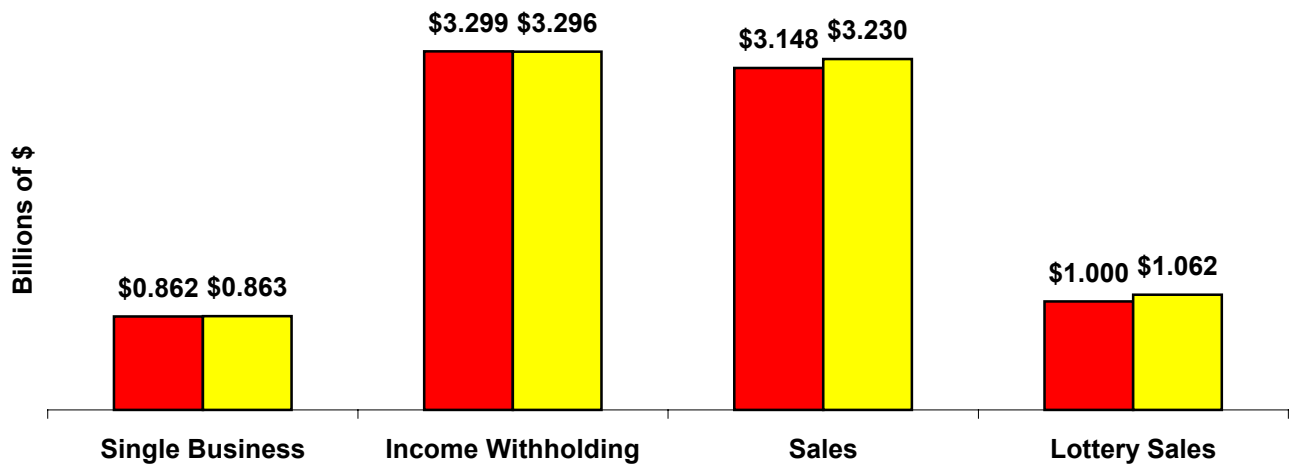
March Revenue Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

October through March Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Income Taxes											
\$537,345	\$517,478	(\$19,867)	-3.7%	Withholding	\$3,299,108	\$3,295,937	(\$3,170)	-0.1%	\$6,365,100	\$6,568,700	\$6,399,500
9,249	6,584	(2,666)	-28.8%	Quarterlies	237,881	241,899	4,018	1.7%	601,800	626,600	626,800
35,277	43,236	7,959	22.6%	Annuals	83,361	107,725	24,364	29.2%	499,800	501,800	511,800
581,871	567,297	(14,574)	-2.5%	Gross Collections	3,620,350	3,645,560	25,211	0.7%	\$7,466,700	\$7,697,100	\$7,538,100
341,608	457,530	115,922	33.9%	Less: Refunds	766,194	978,736	212,542	27.7%	1,594,200	1,674,800	1,660,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,400	1,500	1,500
240,263	109,768	(130,495)	-54.3%	Net Personal Income	2,854,155	2,666,824	(187,331)	-6.6%	\$5,871,100	\$6,020,800	\$5,875,900
145,468	141,824	(3,643)	-2.5%	Less: Disbursements to SAF	905,087	911,390	6,303	0.7%	\$1,893,400	\$1,996,500	\$1,956,900
\$94,795	(\$32,057)	(\$126,852)	na	NET PERSONAL INCOME TO GF-GP	\$1,949,068	\$1,755,434	(\$193,634)	-9.9%	\$3,977,700	\$4,024,300	\$3,919,000
Consumption Taxes											
\$7,744	\$6,527	(\$1,217)	-15.7%	Sales (a)	\$40,659	\$42,684	\$2,025	5.0%	\$102,200	\$119,800	\$117,200
75,388	75,994	606	0.8%	Use	412,074	445,348	33,274	8.1%	877,400	885,800	912,800
20,681	8,773	(11,908)	-57.6%	Tobacco	137,537	58,845	(78,692)	-57.2%	242,700	119,000	122,800
4,036	3,950	(86)	-2.1%	Beer, Wine & Mixed Spirits	23,761	23,296	(466)	-2.0%	51,500	52,000	52,000
2,129	2,230	100	4.7%	Liquor Specific	13,881	13,860	(21)	-0.2%	33,000	31,600	33,500
\$109,978	\$97,473	(\$12,505)	-11.4%	TOTAL CONSUMPTION TAXES	\$627,912	\$584,032	(\$43,880)	-7.0%	\$1,306,800	\$1,208,200	\$1,238,300
Other Taxes											
\$74,416	\$70,999	(\$3,417)	-4.6%	Single Business	\$862,419	\$862,787	\$368	0.0%	\$1,827,600	\$1,917,500	\$1,855,700
20,483	14,326	(6,157)	-30.1%	Insurance Premiums Taxes	135,453	127,851	(7,602)	-5.6%	230,300	261,000	239,300
94,899	85,326	(9,574)	-10.1%	Sub-total SBT & Insurance	997,872	990,638	(7,235)	-0.7%	2,057,900	2,178,500	2,095,000
5,923	2,827	(3,097)	-52.3%	Inheritance / Estate	38,237	17,994	(20,243)	-52.9%	75,500	34,000	39,000
(22)	3	25	na	Telephone & Telegraph	56,790	45,741	(11,049)	-19.5%	101,300	120,600	95,300
7,208	7,320	113	1.6%	Oil & Gas Severance	18,624	33,373	14,749	79.2%	57,100	50,000	55,000
0	3,732	3,732	na	Casino Wagering	0	18,026	18,026	na	3,200	42,900	42,900
10,368	11,067	699	6.7%	Penalties & Interest	58,568	58,998	430	0.7%	104,400	110,000	108,500
(59)	(11)	48	-80.9%	Miscellaneous Other/Railroad	166	140	(26)	-15.6%	3,200	3,000	0
(7,083)	(6,667)	417	-5.9%	Treasury Enforcement Programs	(42,500)	(40,000)	2,500	-5.9%	(81,600)	(80,000)	(80,000)
\$111,234	\$103,597	(\$7,636)	-6.9%	TOTAL OTHER TAXES	\$1,127,757	\$1,124,910	(\$2,847)	-0.3%	\$2,321,000	\$2,459,000	\$2,355,700
\$316,007	\$169,014	(\$146,993)	-46.5%	SUBTOTAL GF-GP TAXES	\$3,704,737	\$3,464,377	(\$240,361)	-6.5%	\$7,605,500	\$7,691,400	\$7,513,000

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Non-Tax Revenue(g)											
\$2,500	\$2,500	\$0	0.0%	Federal Aid	\$15,000	\$15,000	\$0	0.0%	\$66,100	\$30,000	\$35,000
83	83	0	0.0%	Local Agencies	500	500	0	0.0%	2,900	1,000	2,000
667	667	0	0.0%	Services	4,000	4,000	0	0.0%	17,800	8,000	18,000
1,500	1,500	0	0.0%	Licenses & Permits	9,000	9,000	0	0.0%	55,200	18,000	54,000
0	0	0	na	Investments/Interest Costs	(547)	(1,195)	(648)	118.0%	(22,200)	(80,000)	(73,000)
5,000	5,167	167	3.3%	Misc. Non-tax Revenue	30,000	31,000	1,000	3.3%	76,100	62,000	125,600
10,000	10,083	83	0.8%	Liquor Purchase Revolving Fund	60,000	60,500	500	0.8%	139,400	121,000	133,000
3,233	3,233	0	0.0%	From Other Funds-Lottery & Escheats	19,400	19,400	0	0.0%	101,200	38,800	62,300
\$22,983	\$23,233	\$250	1.1%	TOTAL NON-TAX REVENUE	\$137,353	\$138,205	\$852	0.6%	\$436,500	\$198,800	\$356,900
\$338,990	\$192,247	(\$146,743)	-43.3%	TOTAL GF-GP REVENUE	\$3,842,090	\$3,602,582	(\$239,508)	-6.2%	\$8,042,000	\$7,890,200	\$7,869,800
School Aid Fund											
\$229,335	\$210,029	(\$19,306)	-8.4%	Sales Tax 4%	\$1,281,912	\$1,317,304	\$35,392	2.8%	2,635,100	2,767,300	2,729,900
181,643	164,493	(17,149)	-9.4%	Sales Tax 2%	1,011,410	1,034,697	23,287	2.3%	2,081,600	2,188,600	2,157,900
37,694	37,997	303	0.8%	Use Tax 2%	206,037	222,674	16,637	8.1%	439,100	442,800	456,500
11,665	15,414	3,749	32.1%	State Education Property Tax	940,753	1,185,226	244,473	26.0%	1,824,500	1,859,700	1,846,000
23,484	24,466	982	4.2%	Real Estate Transfer Tax	149,782	156,964	7,182	4.8%	317,500	293,000	310,000
60,000	55,000	(5,000)	-8.3%	Lottery Transfer (c)	290,048	264,883	(25,165)	-8.7%	644,900	637,000	649,900
8,217	8,638	421	5.1%	Casino Wagering Tax	38,965	41,718	2,752	7.1%	95,800	99,300	98,000
2,092	2,207	115	5.5%	Liquor Excise Tax	13,580	13,689	109	0.8%	32,400	31,600	33,500
34,701	35,091	389	1.1%	Cigarette/Tobacco Tax	230,775	235,380	4,605	2.0%	485,200	476,300	479,900
31,798	22,768	(9,030)	-28.4%	Indus. & Comm. Facilities Taxes	97,590	92,440	(5,149)	-5.3%	150,200	157,000	145,500
434	533	99	22.7%	Specific Other	4,716	3,478	(1,238)	-26.3%	15,800	14,800	14,800
145,468	141,824	(3,643)	-2.5%	Income Tax Earmarking	905,087	911,390	6,303	0.7%	\$1,893,400	\$1,996,500	\$1,956,900
\$766,531	\$718,460	(\$48,071)	-6.3%	TOTAL SCHOOL AID FUND	\$5,170,655	\$5,479,843	\$309,188	6.0%	\$10,615,500	\$10,963,900	\$10,878,800
\$563,867	\$514,541	(\$49,326)	-8.7%	SALES TAX 6%	\$3,147,929	\$3,230,204	\$82,275	2.6%	\$6,473,500	\$6,800,700	\$6,707,800
382,225	350,048	(32,177)	-8.4%	SALES TAX 4%(e)	2,136,520	2,195,507	58,987	2.8%	4,391,900	4,612,100	4,549,900
181,643	164,493	(17,149)	-9.4%	SALES TAX 2%	1,011,410	1,034,697	23,287	2.3%	2,081,600	2,188,600	2,157,900
113,082	113,991	909	0.8%	USE TAX 6%	618,112	668,022	49,910	8.1%	1,316,500	1,328,600	1,369,300
8,217	12,370	4,153	50.5%	CASINO WAGERING TAX	38,965	59,744	20,779	53.3%	99,455	148,300	149,000
63,439	84,352	20,913	33.0%	TOBACCO TAXES	421,892	565,818	143,926	34.1%	992,800	1,177,800	1,171,600
0	0	0	na	TOBACCO SETTLEMENT	2,733	5	(2,728)	-99.8%	na	na	na
(0)	(23)	(23)	na	CIGARETTE INVENTORY TAX	(1)	(298)	(298)	na	na	na	na

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Major Transportation Revenues											
\$12,870	\$13,014	\$145	1.1%	Diesel Fuel / Motor Carrier Fuel Tax (h)	\$71,703	\$74,776	\$3,074	4.3%	\$140,800	\$162,600	\$145,000
72,288	67,458	(4,830)	-6.7%	Gasoline	456,373	453,498	(2,875)	-0.6%	932,700	968,000	945,900
90,794	80,604	(10,190)	-11.2%	Motor Vehicle Registration	478,529	443,724	(34,805)	-7.3%	934,300	830,800	862,523
6,178	6,473	294	4.8%	Other Taxes, Fees & Misc.	33,951	31,697	(2,253)	-6.6%	197,735	219,736	204,325
5,810	5,821	11	0.2%	Comprehensive Transportation (d)	34,858	34,923	65	0.2%	69,267	69,846	58,344
\$187,940	\$173,370	(\$14,570)	-7.8%	TOTAL MAJOR TRANS. REVENUES	\$1,075,413	\$1,038,618	(\$36,795)	-3.4%	\$2,274,802	\$2,250,982	\$2,216,092
Lottery Sales By Games (c)											
68,572	66,933	(1,639)	-2.4%	Instant Games	359,280	344,098	(15,181)	-4.2%	na	na	na
72,156	71,598	(558)	-0.8%	Daily Games	378,541	374,990	(3,552)	-0.9%	na	na	na
25,503	26,474	971	3.8%	Lotto and Big Game	159,256	144,682	(14,574)	-9.2%	na	na	na
1,554	1,335	(219)	-14.1%	Keno Game	7,811	6,857	(954)	-12.2%	na	na	na
0	0	0	na	Changeplay Game	88	0	(88)	-100.0%	na	na	na
25,738	42,473	16,735	65.0%	Club Games	94,816	191,371	96,555	102.0%	na	na	na
\$193,522	\$208,813	\$15,291	7.9%	TOTAL LOTTERY SALES	\$999,792	\$1,061,999	\$62,207	6.2%	na	na	na

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b Statutory and Consensus Estimates have been adjusted to include the Tobacco tax increase (PA 164 of 2004) and Casino Tax Increase (PA 306 of 2004).

c The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

d The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

e 2% collections adjusted to reflect exemption on residential utilities.

f Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

g Non-tax revenue estimates other than interest are estimates. Federal aid total does not include the \$169 million in federal aid from federal stimulus bill in FY 2004.

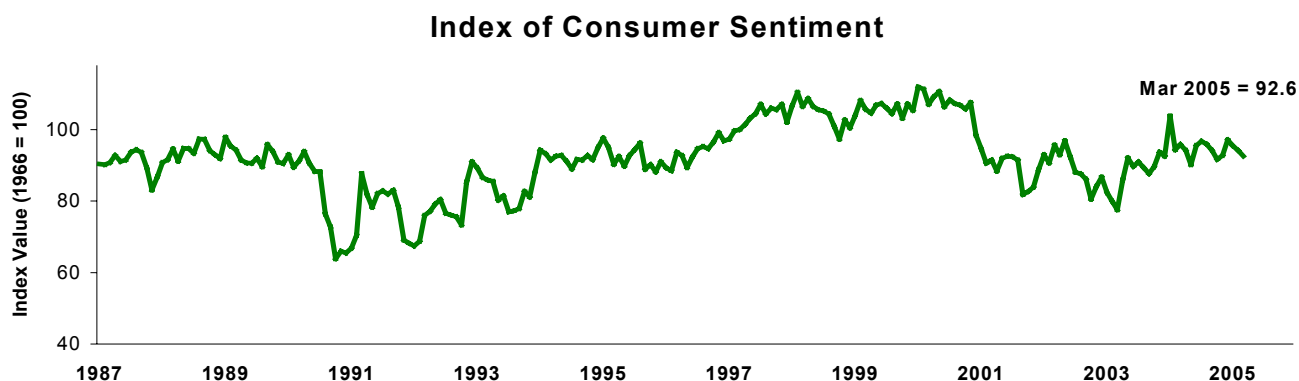
h Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 92.6 in March, 1.5 index-points below the February value and 3.2 index-points below March 2004. Survey director Richard Curtin noted that in response to higher fuel prices, “The March decline in consumer confidence was small and comparable to the brief declines recorded in May and October of 2004, which were also associated with hikes in gas prices.” Curtin noted, “Consumers also anticipated a higher overall inflation rate, no letup in the pace of interest rate increases, a slower rate of growth in the economy, and weaker job growth during the year ahead.” Curtin also reported, “Buying attitudes toward homes and vehicles fell to a five-year low in March. The largest decline was in vehicle buying plans, as the fewest consumers in five years judged the discounts offered on interest rates or prices favorably, and more consumers cited their uncertainty about gas prices as a reason to postpone purchases.” In March, consumers in only one of the four regions registered an increase in confidence. Midwestern consumers reported an increase in confidence of 6.4 index-points. Southern and Western consumers recorded the largest decreases in confidence of 4.7 index-points and 4.6 index-points, respectively. Northeastern consumers saw a slight drop in confidence of 0.3 index-points. As a result, the gap across regions decreased to 11.0 index-points, with Southern consumers on top and Northeastern consumers on the bottom.

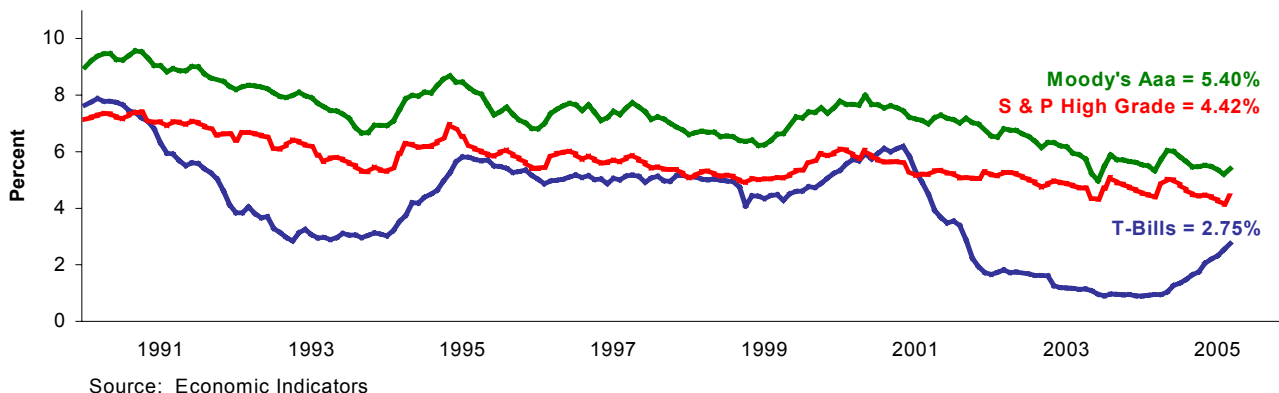
The final estimate of real **Gross Domestic Product** for the fourth quarter of 2004 is \$10,994.3 billion (chained 2000 dollars), an increase of 3.8 percent at an annual rate. In the third quarter of 2004, real gross domestic product increased 4.0 percent. Personal consumption expenditures, equipment and software and private inventory investment led fourth quarter growth. Imports, which are a subtraction in the calculation of GDP, also increased. Real personal consumption expenditures increased 4.2 percent in the fourth quarter compared to an increase of 5.1 percent in the third quarter. Real nonresidential fixed investment increased 14.5 percent in the fourth quarter led by increased investment in equipment and software of 18.4 percent. Real federal government expenditures increased 1.2 percent in the fourth quarter compared to a 4.8 percent increase in the third quarter. Real state and local government spending increased 0.6 percent in the fourth quarter compared to a 1.7 percent decrease the third quarter. Exports of goods and services increased 3.2 percent in the fourth quarter, compared to a 6.0 percent increase in the third quarter. Imports increased 11.4 percent in the fourth quarter compared to an increase of 4.6 percent in the third quarter. Private inventory investment increased \$47.2 billion in the fourth quarter, up from a \$34.5 billion increase in the third quarter. Real final sales increased at a

3.4 percent rate in the fourth quarter compared to a 5.0 percent rate in the third quarter. On the inflation front, the **implicit price deflator** measure estimate increased at a 2.3 percent annual rate in the fourth quarter, compared to an increase of 1.4 percent observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.6 percent in March, up from 0.4 percent in February. Energy increased by 4.0 percent in March; compared to a 2.0 percent increase in February, while the all-items less food and energy component increased 0.4 percent. For the six months since September, the all-items index increased at a 3.8 percent annual rate.

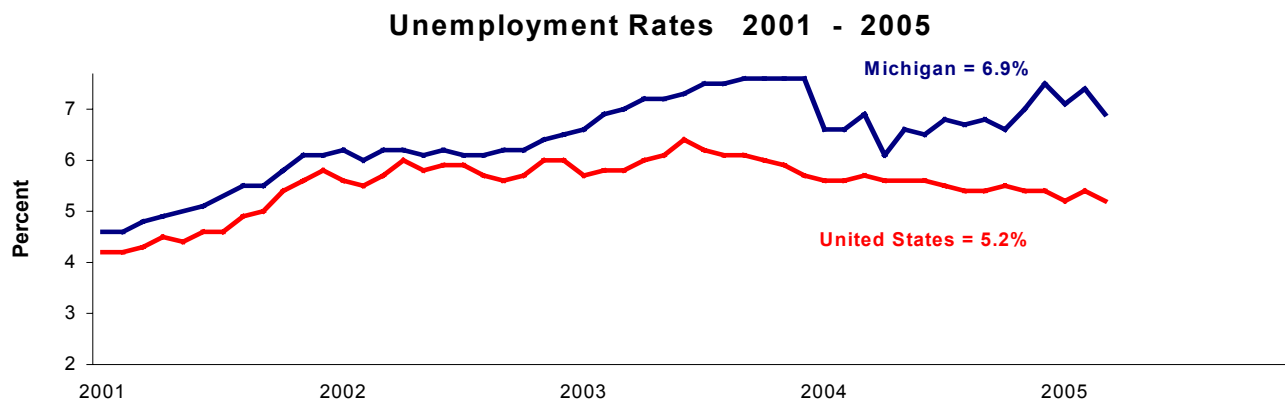
Compared to March 2004, the all-items index increased 3.1 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.5 percent; housing, 3.3 percent; medical care, 4.3 percent; recreation, 0.2 percent; education and communication, 1.4 percent; and other goods and services, 2.7 percent, with tobacco prices up 4.9 percent; transportation 5.2 percent, with gasoline prices up 16.8 percent. Apparel was unchanged from a year ago.

Selected Key Interest Rates



Short-term **interest rates** increased 0.22 percentage points in March as the 3-month Treasury bill (T-bill) rate averaged 2.75 percent. Compared to one year ago, the T-bill rate is up 1.81 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.20 percentage points to an interest yield of 5.40 percent in March. Compared to one year ago, the Aaa bond yield is up 0.07 percentage points. The interest rate on High-grade municipal bonds increased 0.28 percentage points to 4.42 percent in March, and stands 0.03 percentage points above its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its March 22nd meeting to 2.75 percent. The FOMC continues to believe that, “even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output evidently continues to grow at a solid pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Though longer-term inflation expectations remain well contained, pressures on inflation have picked up in recent months and pricing power is more evident.” The FOMC reported that the upside and downside risks to the attainment of both sustainable growth and price stability are roughly equal. The committee believes that, “policy accommodation can be removed at a pace that is likely to be measured.”

In March, the **U. S. unemployment rate** decreased 0.2 percentage points from a month ago to 5.2 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 140.5 million persons in March. The number of unemployed was 7.7 million nationwide.

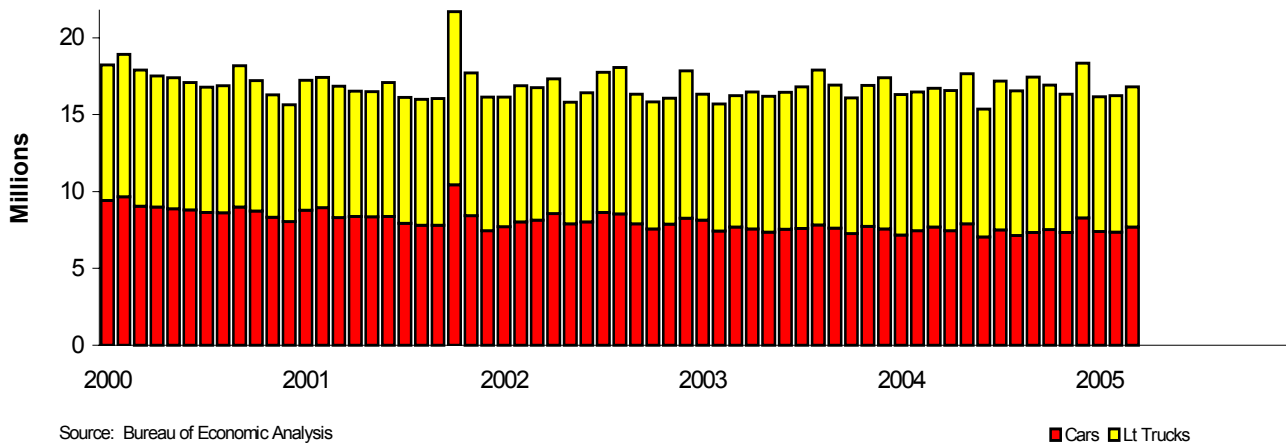


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In March, the **Michigan jobless rate** decreased 0.5 percentage points to 6.9 percent. Compared to a year ago, Michigan's jobless rate was 0.2 percentage points lower. From a month ago, the labor force decreased by 11,000 to 5,100,000, while the number of people employed increased by 17,000 to 4,747,000. In March, there were 353,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 7.1 percent may be more representative of actual conditions.

Motor Vehicle Sector

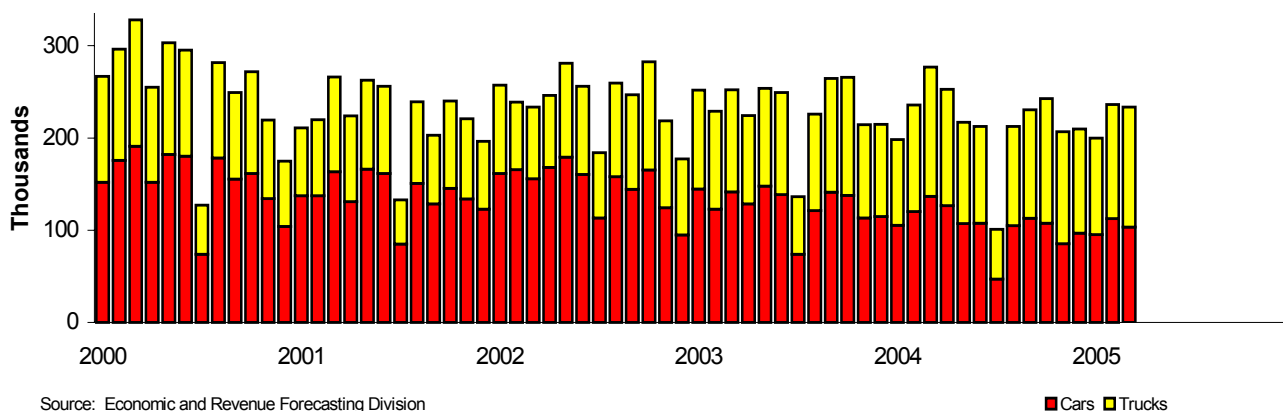
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) increased 0.5 million units in March selling at a 16.8 million unit seasonally adjusted annual rate. Domestic car sales increased 5.0 percent while domestic light truck sales increased 3.6 percent. Import car sales increased 2.7 percent while import light truck sales decreased 3.7 percent. Compared to last year, light vehicle sales increased 0.5 percent. Domestic car sales were down 0.9 percent while domestic light truck sales increased 1.7 percent. Import car sales were up 2.0 percent while import truck sales fell 3.8 percent from last year. As a result, the domestic share increased 0.1 percentage points from a year ago. For fiscal year 2005, domestic light vehicles have recorded a 79.3 percent share of a 16.8 million-unit market.

Michigan motor vehicle production decreased to 233,489 units in March. From a year ago, motor vehicle production decreased 16 percent in Michigan and fell 9 percent nationally. Some of the decrease can be attributed to the Easter holiday falling in March this year instead of in April last year. In March, Michigan's car production was 103,460 units while the state's truck production was 130,029 units. Compared with a year ago, car production fell 24 percent in Michigan and decreased 8 percent nationwide. The state's truck production decreased 7 percent while national truck production fell 10 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 13, 2005 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2002-2003 Actual	Fiscal Year 2003-2004 Estimate	Fiscal Year 2004-2005 Estimate
Applicable Calendar Year Personal Income	\$297,609	\$303,745	\$314,460
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
State Revenue Subject to Limit	\$24,061.6	\$24,087.7	\$24,159.2
Amount Under (Over) Limit	\$4,181.5	\$4,737.7	\$5,683.0

Sources:

Personal Income Estimate

The FY 2002-03 calculation uses the official personal income estimate for calendar year 2001 (Survey of Current Business, October 2002).

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

Revenue Subject to the Limit

The FY 2002-03 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2003.

The FY 2003-04 calculation uses the January 13, 2005 Consensus Revenue Agreement.

The FY 2004-05 calculation uses the January 13, 2005 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury